

# EXHIBIT C

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

No. 14-cv-03103-SRN-FLN

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Candella, LLC, and Luminara Worldwide,  
LLC,

Plaintiffs,

v.

Liown Electronics Co. Ltd., Shenzhen  
Liown Electronics Co. Ltd., Liown  
Technologies/Beauty Electronics, LLC,  
Boston Warehouse Trading Corp., and  
Abbott of England (1981), Ltd.,

Defendants.

No. 14-cv-03112-SRN-FLN

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Shenzhen Liown Electronics Co., Ltd.,

Plaintiff,

v.

Luminara Worldwide, LLC, QVC, Inc.,  
Darice, Inc., Michael L. O'Shaughnessy,  
and John W. Jacobson,

Defendants.

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**INITIAL DISCLOSURES OF CANDELLA, LLC, LUMINARA WORLDWIDE,  
LLC, QVC, INC., DARICE, INC., MICHAEL L. O'SHAUGHNESSY, AND  
JOHN W. JACOBSON**

Pursuant to Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure, Plaintiffs  
Candella, LLC ("Candella") and Luminara Worldwide, LLC ("Luminara"), QVC, Inc.,  
Darice, Inc., Michael L. O'Shaughnessy, and John W. Jacobson (collectively "Disclosing

Parties”) make these initial disclosures concerning the following categories of information.

- (i) **The name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the subjects of that information – that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment:**

Based on information reasonably available at this time, the following individuals are likely to have discoverable information that the Disclosing Parties may use to support their claims:

**Witness**

Jeffrey C. Abercrombie  
Luminara Worldwide, LLC  
10909 Valley View Road  
Eden Prairie, MN 55344  
Phone: (952) 250-0406

Jerry Cain  
President  
Luminara Worldwide, LLC  
10909 Valley View Road  
Eden Prairie, MN 55344  
Phone: (952) 836-4782

Dale Dykema  
Candella, LLC  
3050 Pullman St.  
Costa Mesa, CA 92626  
Phone: (714) 480-5406

**Subjects of Information**

Knowledge of Candella’s commercialization of the patents-in-suit. Knowledge of Luminara’s sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants’ infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants’ infringement. Knowledge of the notice of infringement provided to Defendants regarding the patents-in-suit.

Knowledge of Candella’s commercialization of patents-in-suit. Knowledge of Luminara’s sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants’ infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants’ infringement. Knowledge of the notice of infringement provided to Defendants regarding the patents-in-suit.

Knowledge of Candella and Luminara’s commercialization of the patents-in-suit. Knowledge of Liown’s attempts to license Disney’s patented technology.

**Witness**

John W. Jacobson  
Luminara Worldwide, LLC  
10909 Valley View Road  
Eden Prairie, MN 55344  
Phone: (612) 516-1440

Michael O'Shaughnessy  
Luminara Worldwide, LLC  
10909 Valley View Road  
Eden Prairie, MN 55344  
Phone: (612) 669-7708

Doug Patton  
Patton Design Inc.  
3050 Pullman St.  
Costa Mesa, CA 92626  
Phone: (949) 753-1595

Jeff Thompson  
3050 Pullman St.  
Costa Mesa, CA 92626

Scott Lucas  
Costa Mesa, CA 92626

Jim LaBelle  
President  
Forza Design, Inc.  
Phone: (951) 288-1808

Adam Andersen  
24941 Via Larga  
Laguna Niguel, CA 92677

**Subjects of Information**

Knowledge of Candella's commercialization of the patents-in-suit. Knowledge of Luminara's sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants' infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants' infringement. Knowledge of the notice of infringement provided to Defendants regarding the patents-in-suit.

Knowledge of Candella and Luminara's commercialization of the patents-in-suit. Knowledge of Liown's attempts to license Disney's patented technology.

Knowledge of conception of the invention claimed in the patents-in-suit and development of products embodying the invention. Knowledge of Candella's commercialization of the patents-in-suit.

Knowledge of Candella and Luminara's commercialization and development of flameless candles utilizing the invention claimed in the patents-in-suit.

Knowledge of Candella's commercialization and development of flameless candles utilizing the invention claimed in the patents-in-suit.

Knowledge of Candella's commercialization and development of flameless candles utilizing the invention claimed in the patents-in-suit.

Knowledge of Candella's commercialization and development of flameless candles utilizing the invention claimed in the patents-in-suit.

The foregoing persons may only be contacted through counsel at Anthony Ostlund  
Baer & Louwagie P.A., 90 South Seventh Street, Suite 3600, Minneapolis, Minnesota  
55402, Telephone No. (612) 349-6969.

**Witness**

Representatives of  
BJ's Wholesale Club, Inc.  
25 Research Drive  
Westborough, MA 01581

Verne and Britney Bliss  
Dugan-Bliss & Associates, Inc.  
230 Spring St.  
Atlanta, GA 30303  
Phone: (404) 659-2467

Don Dugan  
Dugan-Bliss & Associates, Inc.  
230 Spring St.  
Atlanta, GA 30303  
Phone: (404) 659-2467

Bobbi Gottlieb  
CEO  
Two's Company, Inc.  
500 Saw Mill River Road  
Elmsford, NY 10523  
Phone: (800) 896-7266

Chuck Hoffman  
Chief Operating Officer  
Boston Warehouse Trading Corp.  
59 Davis Avenue  
Norwood, MA 02062  
Phone: (781) 352-1802

**Subjects of Information**

Knowledge of BJ's Wholesale's offers for sale  
and sales of infringing flameless candles  
manufactured by Liown, and sold under the  
name "Flameless LED Candle with Linalool  
Mosquito Repellent, 2-Pk."

Knowledge of the notice provided to Boston  
Warehouse that flameless candle sold under the  
name "Forever Flame" infringed the patents-in-  
suit.

Knowledge of the notice provided to Boston  
Warehouse that flameless candle sold under the  
name "Forever Flame" infringed the patents-in-  
suit.

Knowledge of Two's Company's offers for  
sale and sales of infringing flameless candles  
under the name "Dazzler™," and notice of the  
patents-in-suit.

Knowledge of Boston Warehouse Trading  
Corp.'s offers for sale and sales of infringing  
flameless candles manufactured by Liown, and  
sold under the name "Forever Flame."  
Knowledge of the notice provided to Boston  
Warehouse that "Forever Flame" candles  
infringed the patents-in-suit.

**Witness**

Nancy Keeler  
Buyer  
Bachman's Inc.  
6010 Lyndale Avenue South  
Minneapolis, MN 55419

Josh Kutzler  
Smart Candle LLC and  
Liown Electronics Co. Ltd.  
1701 W. 94th Street #100  
Bloomington, MN 55431

Stuart T. Langley  
The Walt Disney Company  
Corporate Patents  
500 South Buena Vista Street  
Burbank, CA 91521  
Phone: (818) 560-8452

Kent Lembke  
Marsh Fischmann and Breyfogle LLP  
1881 9th St., Suite 335  
Boulder, CO 80302  
Phone: (720) 562-5507

Xiaofeng "Mike" Li  
Liown Electronics Co. Ltd.  
No. 7 Gongye 3rd Road  
Nashan District  
Shenzhen, Guangdong, China  
Phone: 86-755-8627-1000

**Subjects of Information**

Knowledge of Bachman's, Inc.'s offers for sale and sales of infringing flameless candles purchased from Two's Company, and sold under the name "Dazzler". Bachman's, Inc.'s notice of the patents-in-suit.

Knowledge of the relationship between Liown and Smart Candle. Knowledge of Liown's activities in the U.S. Knowledge of Liown's attempts to license the patents-in-suit.

Knowledge of the license agreement between Candella and Disney" regarding the patents-in-suit. Knowledge of Liown's attempts to obtain a license to the patents-in-suit from Disney. Knowledge of prosecution of the patents-in-suit before the United States Patent Office.

Knowledge of prosecution of the patents-in-suit before the United States Patent Office.

Knowledge of Liown's development of an infringing flameless candle and copying of the invention claimed in the patents-in-suit. Knowledge of Liown's acts of offering for sale, selling, and importing into the U.S. infringing flameless candles, and inducing multiple other parties' acts of infringement. Liown's notice of the patents-in-suit. Liown's attempts to license the patents-in-suit. Knowledge of Liown's attempts to patent the invention claimed in the patents-in-suit.

**Witness**

Kathy Phillips  
CEO  
Primitives By Kathy, Inc.  
1817 William Penn Way  
Lancaster, PA 17601  
Phone: (866) 295-2849

Lesli Rauch  
Director of Merchandising  
Director of Visual Merchandising  
Gifts and Garden Hardgoods  
Bachman's Inc.  
6010 Lyndale Avenue South  
Minneapolis, MN 55419  
Phone: (612) 861-7769

Gary Schnuckle  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, CA 91521  
Phone: (626) 676-9616

Sarah Lanctot  
Buyer of Seasonal Gifts and Gourmet  
Food  
Von Maur, Inc.  
6565 Brady Street  
Davenport, IA 52806  
Phone: (563) 388-2769

Sara Whitfield  
Zulily, Inc.  
2200 First Avenue South  
Seattle, WA 98134  
Phone: (206) 724-0500, ext. 780

**Subjects of Information**

Knowledge of Primitives By Kathy, Inc.'s ("PBK") offers for sale and sales of infringing flameless candles under the name "Flameless Pillar" and "Flicker Flames." PBK's purchase of infringing flameless candles from Liown. PBK's notice of the patents-in-suit.

Knowledge of Bachman's, Inc.'s offers for sale and sales of infringing flameless candles purchased from Two's Company, and sold under the name "Dazzler". Bachman's, Inc.'s notice of the patents-in-suit.

Knowledge of the conception of the invention claimed patents-in-suit. Knowledge of Candella's commercialization of patents-in-suit.

Knowledge of Von Maur, Inc.'s offers for sale and sales of infringing flameless candles manufactured by Liown, and sold under the name "Forever Flame". Von Maur, Inc.'s notice of the patents-in-suit.

Knowledge of Zulily, Inc.'s offers for sale and sales of infringing flameless candles manufactured by Liown, and sold under the name "Forever Flame". Zulily's actual and constructive notice of the patents-in-suit.

**Witness**

Johnny Yang  
CEO  
Liown Electronics Co. Ltd.  
No. 7 Gongye 3rd Road  
Nashan District  
Shenzhen, Guangdong, China  
Phone: 86-755-8627-1000

Paul Elson  
The Light Garden, Inc.  
1205 Avenida Chelsea  
Vista, CA 92081  
Phone: (760) 598-1200

James Wenz  
GKI Bethlehem Lights  
800 John Quincy Adams Road  
Taunton, MA 02780  
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John Stanley  
GKI Bethlehem Lights  
800 John Quincy Adams Road  
Taunton, MA 02780  
Phone: (630) 445-5601

Matt Kowalec  
Enchanted Lighting, Inc.  
621 North Azusa, #200  
Azusa, CA 91702

**Subjects of Information**

Knowledge of Liown's development of an infringing flameless candle and copying of the invention claimed in the patents-in-suit. Liown's offering for sale, selling, and importing into the U.S. infringing flameless candles and inducing multiple other parties' acts of infringement. Liown's notice of the patents-in-suit; Liown's attempts to license the patents-in-suit.

Knowledge of Luminara's sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants' infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants' infringement.

Knowledge of Luminara's sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants' infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants' infringement.

Knowledge of Luminara's sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants' infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants' infringement.

Knowledge of Liown's development of an infringing flameless candle and copying of the invention claimed in the patents-in-suit. Liown's offering for sale, selling, and importing into the U.S. infringing flameless candles and inducing multiple other parties' acts of infringement. Liown's notice of the patents-in-suit; Liown's attempts to license the patents-in-suit.



**Witness**

Brett Moody  
Liown Technologies/Beauty  
Electronics, LLC  
19800 MacArthur Blvd, #300  
Irvine, CA 92612

Alan Rushing  
Liown Technologies/Beauty  
Electronics, LLC  
19800 MacArthur Blvd, #300  
Irvine, CA 92612

Meredith Bjork  
Tuesday Morning Partners, Ltd.  
Senior Vice President - General Counsel  
& Corporate Secretary  
6250 LBJ Freeway  
Dallas, TX 75240

Hector Chin  
The Light Garden, Inc.  
1205 Avenida Chelsea  
Vista, CA 92081  
Phone: (760) 598-1200

Mr. David Knopfler  
Ambient Lighting Inc.  
d/b/a Lights.com  
1202 Avenue J, 2nd Floor  
Brooklyn, NY 11230

**Subjects of Information**

Knowledge of Liown's development of an infringing flameless candle and copying of the invention claimed in the patents-in-suit. Liown's offering for sale, selling, and importing into the U.S. infringing flameless candles and inducing multiple other parties' acts of infringement. Liown's notice of the patents-in-suit; Liown's attempts to license the patents-in-suit.

Knowledge of Liown's development of an infringing flameless candle and copying of the invention claimed in the patents-in-suit. Liown's offering for sale, selling, and importing into the U.S. infringing flameless candles and inducing multiple other parties' acts of infringement. Liown's notice of the patents-in-suit; Liown's attempts to license the patents-in-suit.

Knowledge of Tuesday Morning's offers for sale and sales of infringing flameless candles manufactured by Liown, and sold under the name "Illuminaires Flameless Moving Wick Candles". Tuesday Morning's notice of the patents-in-suit.

Knowledge of Luminara's sales of flameless candles embodying the invention claimed in the patents-in-suit. Knowledge of Defendants' infringing sales of flameless candles. Knowledge of lost flameless candle sales caused by Defendants' infringement.

Knowledge of Ambient Lighting's offers for sale and sales of infringing flameless candles manufactured by Liown, and sold under the names "Moving Flame Flat Top Flameless 5" Pillar Candle" and "Mystique". Ambient Lighting's notice of the patents-in-suit.

**Witness**

Jody Abbott  
General Manager  
Abbot of England 1981 Ltd.  
545 Tretheway Dr.  
Toronto, ON M6M 2J4  
Canada

**Subjects of Information**

Knowledge of Abbot of England's offers for sale and sales of infringing flameless candles manufactured by Liown, and sold under the name "Reallite". Abbot of England's notice of the patents-in-suit.

Disclosing Parties' investigation of its claims is incomplete and ongoing.

Plaintiffs have not been provided access to discoverable information in the possession of Defendants. Additional individuals may be disclosed as discovery proceeds. Disclosing Parties reserve the right to identify other persons having knowledge of discoverable information.

- (ii) **A copy – or a description by category and location – of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment:**

Disclosing Parties have documents in their possession, custody, or control located in Minneapolis, Minnesota at the offices of its legal counsel. Those documents include the following:

1. The patents-in-suit.
2. The file histories of the patents-in-suit.
3. Samples of some of Defendants' infringing flameless candles.
4. Documents evidencing Defendants' infringement activities.

Disclosing Parties reserve the right to identify other documents which tend to support its claims as discovery proceeds.

- (iii) **A computation of each category of damages claimed by the disclosing party – who must make available for inspection and copying as under Rule 34 the documents or other evidentiary material, unless privileged or protected from disclosure, on which each computation is based, including materials bearing on the nature and extent of injuries suffered:**

Disclosing Parties have not been provided access to discoverable information in the possession of Defendants concerning infringing sales in the United States.

Accordingly, Disclosing Parties' computation of damages is incomplete. Candella and Luminara hereby state that they seek damages concerning the following categories:

1. Direct and consequential losses as a result of Defendants' infringement, including lost profits and price erosion, in an amount to be determined at trial;
2. A reasonable royalty for Defendants' use of the invention claimed in the patent-in-suit;
3. Prejudgment interest;
4. Enhanced and exemplary damages allowed by law; and
5. Costs of this action and reasonable attorney's fees in an amount to be determined at trial.

- (iv) **For inspection and copying as under Rule 34, any insurance agreement under which an insurance business may be liable to satisfy all or part of a possible judgment in the action or to indemnify or reimburse for payments made to satisfy the judgment:**

Disclosing Parties are unaware of any such documents.

\* \* \*

The above disclosures are subject to additional or different information and additional documents that future investigation may disclose. Pursuant to Rule 26(e) of

the Federal Rules of Civil Procedure, Disclosing Parties reserve the right to add to, supplement and correct the disclosures made herein. Disclosing Parties are still in the process of reviewing and investigating its claims. Therefore, all individuals likely to have discoverable information and all relevant documents may not have been identified at this early stage of litigation. Disclosing Parties will supplement these disclosures as appropriate. Disclosing Parties decline to disclose matters protected by the attorney-client privilege or protected by the work product doctrine.

ANTHONY OSTLUND BAER  
& LOUWAGIE P.A.

Dated: December 31, 2014

By:   
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*Attorneys for Candella, LLC,  
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